Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Provision of Directory Listing Information Under the Telecommunications Act of 1934, As Amended	)	CC Docket No. 99-273
	)	
The Use of N11 Codes and Other Abbreviated Dialing Arrangements	)	CC Docket No. 92-105
	)	
Administration of the North American Numbering Plan	)	CC Docket No. 92-237

REPLY COMMENTS OF BELLSOUTH

BellSouth Corporation, on behalf of BellSouth Telecommunications, Inc. and its wholly owned affiliated companies ("BellSouth"), submits these Reply Comments in response to the Commission's *Notice of Proposed Rulemaking* (FCC 01-384) released on January 9, 2002 ("*NPRM*") in the above referenced proceedings. Many of the parties filing comments agreed with BellSouth that 411 presubscription, or other dialing alternatives, provide no appreciable consumer benefit but impose substantial industry costs that will ultimately be borne by those consumers. Glaringly absent from the comments of those parties supporting 411 presubscription, or other alternative dialing arrangements, is any commitment by those parties to pay for any of these industry costs.

Further, in the only comprehensive economic analysis of the United States DA market on the record in this proceeding, Dr. Bill Taylor and Dr. Harold Ware of National Economic Research Associates, Inc. conclude that "[t]he evidence . . . shows that the directory assistance (DA) services market is competitive; thus, the 411 dialing code is not a barrier to entry. The

presence and expansion of competitors, the availability of substitutes, and the substantial erosion of ILEC DA calling volumes at a time when total local (ILEC + CLEC) lines and network usage have been growing demonstrate that there are no substantive barriers to entry."[1] A number of parties filing comments agree with this assessment that the retail DA market is already competitive.[2]

Telegate's 411 Presubscription proposal is not economically or technically feasible.

1. Telegate's 411 presubscription proposal is not universally supported by all of the competing directory assistance ("DA") providers.[3] For example, InfoNXX (a competing DA provider) took the position in its Comments that the 411 presubscription proposals "would be expensive, administratively complicated and confusing for consumers."[4] Further, some parties filing comments have the misconception that 411 presubscription is technically and economically feasible to implement.[5] As demonstrated in the comments of the incumbent and

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1 *Competition and Regulation for Directory Assistance Services*, Prepared by William E. Taylor and Harold Ware, National Economic Research Associates, Inc., Prepared for BellSouth Corporation, Qwest Communications International, Inc., SBC Communications Inc., Verizon Telephone Companies for Comments, CC Docket No. 99-273, April 1, 2002, at 35.

2 AT&T Comments at 3; SBC Comments at 28; Independent Telephone & Telecommunications Alliance ("ITTA") Comments at 2; National Telecommunications Cooperative Association ("NTCA") Comments at 1; SureWest Comments at 1; CWA Comments at 3-5; Cincinnati Bell Comments at 2; Verizon Comments at 7-13; Qwest Comments at 2-5; Sprint Comments at 4.

3 In addition to not having universal support among the parties filing comments in this proceeding, even Telegate acknowledges in its Comments that none of the European countries have implemented 411 presubscription. (Telegate Comments at 5 n.9) This fact was confirmed by The Kelsey Group, which found that "[n]one of the nine European markets that have implemented, or are in the process of implementing a liberalized or competitive DA/DQ market have utilized a presubscription model." (*See Global Directory & Databases Advisory, "Comments on Competitive DA Back to FCC,"* The Kelsey Group, April 8, 2002, at 3.)

4 InfoNXX Comments, Summary.

5 Nebraska PSC Comments; Oklahoma Corporation Commission Comments at 4; Telegate Comments at 4; Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e.V. ("VATM") Comments at 3.

independent providers, however, 411 presubscription is neither technically nor economically feasible.

2. The cost of the AIN solution for the incumbent LECs filing comments is at least $562.6 million. This figure does not include the cost to the smaller incumbent carriers of which a significant number do not have AIN capability.[6] For example, SureWest states in its Comments that the switch costs alone to upgrade its switches to make them AIN capable would equal approximately $15 per access line.[7] Also, ITTA has a carrier whose costs will be in excess of $33.26 per access line.[8] If you assume that smaller incumbent carriers do not have AIN capability and that it would cost between $15 and $33 per access line to upgrade switching costs, the cost for the AIN solution for the smaller incumbent carriers can be estimated between $293.7 million and $651.2 million.[9] This estimate provides an order of magnitude for the cost to implement AIN capability for all of the smaller incumbent carriers. Based on the costs provided by the parties filing comments in this docket and an estimated cost for the smaller incumbent carriers, the national cost to implement AIN capability for 411 presubscription ranges from $856.3 million to $1.2 billion.

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6 *See* USTA Comments, filed May 30, 2000, at 8.

7 SureWest Comments at 4.

8 ITTA Comments at 9.

9 The smaller incumbent cost estimate was based a proxy cost per access line of $15 (*see* SureWest Comments at 4 and ITTA Comments at 9) multiplied by the number of access lines served by the smaller incumbent carriers. The number of access lines served by rural (smaller incumbent) carriers was set by the Commission at 8% of all access lines. *In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, et al.*, CC Docket No. 00-256, *et al., Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-*166, 16 FCC Rcd 19613, 19617, ¶ 4 (2001). Total Access Line Numbers used were those reported in Table 2.4 of the Statistics of Communications Common Carriers, 2000/2001 Edition.

3. BellSouth disagrees with WorldCom's comment that "the routing required in Telegate's proposal is essentially the same as the customized routing and compatible signaling protocol the Commission, in the *UNE Remand Order*, found necessary to enable CLECs using the ILECs unbundled switching to self-provision or access alternative sources for OS/DA services."[10] WorldCom's conclusion is based on an incorrect assumption that the implementation of the *UNE Remand Order*[11] was based on the N11 trigger process. The existing process developed by BellSouth for CLECs per the *UNE Remand Order* was to enable the *CLEC* to select the DA provider, *not the end user*. If the incumbent LECs are ordered to provide 411 pre-subscription, the CLECs must also be ordered to do so since they are currently selecting the end user's DA provider. Excluding CLEC resellers from any 411 presubscription requirements will result in BellSouth having to make additional modifications to switch translations which, in turn, will take more time and money.

4. BellSouth also disagrees with Metro One's assertion that "the Commission should consider alternate forms of presubscription either (i) AIN-based 411 dialing or (ii) voice recognition presubscription with 411 dialing."[12] Any kind of database query proposal (*e.g.*, AIN, "route command," or toll-free) would require the same type of end office modifications that were described for the N11 AIN trigger activation. Regarding the implementation of AIN-based 411 dialing, specific application development would be needed for the database, together with support system modifications to update the database for the available DA providers. Billing

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10 WorldCom Comments at 3.

11 *In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996,* CC Docket No. 96-98, *Third Report and Order and Fourth Further Notice of Proposed Rulemaking*, 15 FCC Rcd 3696 (1999).

12 Metro One Comments at 6-7.

requirements would also have to be developed. The voice recognition alternative is simply not feasible because it is not a capability of the 411 DA front-end automation platform in use today. Thus, a new platform would need to be implemented, the cost of which would be extremely high and would introduce a number of new issues.

The alternative dialing arrangements are also economically and technically infeasible.

5. Most of the parties filing comments agree that the 411 dialing code should not be eliminated.[13] In fact, the California Public Utility Commission states that "the elimination of the 411 dialing code is not necessary to create a more competitive DA market."[14] Because the market is already competitive, no action is necessary to stimulate the marketplace – especially an action as radical as eliminating the 411 dialing code.

6. BellSouth disagrees with Metro One's conclusion that there are no technical or cost barriers to implementation of 101-ACIC-0, 411-ACIC, and 555-XXXX access dialing patterns for competitive DA toll providers.[15] For the 101-ACIC-0 dialing pattern, there is the potential to exhaust the number of the CICs that can be provisioned, because the end office switch types within BellSouth's region have a maximum number of CICs that can be supported. Switch vendor development or switch upgrades may be required to accommodate any new DA providers. This concern is discussed in detail in Verizon's Comments on page 31.

7. The dialing pattern 411-ACIC, as proposed by Metro One, was not suggested in this *NPRM*. While adding four digits to 411 would give the appearance of a seven digit local call,

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13 CWA Comments at 8; Pennsylvania Consumer Advocate Comments at 6; AT&T Comments at 2.

14 California PUC Comments at 7.

15 Metro One Comments at 18-19.

411 is not a valid format for an NXX according to the NANP and is considered a three-digit service code. Thus, a 411-ACIC dialing pattern is not currently technically feasible.

8. Some parties filing comments unjustly criticize the manner in which the incumbent LECs have handled requests for implementation of 555 numbers in the network. These criticisms include unreasonable implementation costs and lengthy lead times. The fact of the matter is, the assignment of specific 555 numbers has occurred before industry-wide technical procedures and implementation processes have been developed to enable the numbers to be put into service. Simply stated, the assignment of a 555 number does not imply that a 555 number can be put into service.

9. As noted by the Alliance for Telecommunications Industry Solutions ("ATIS"), "[s]everal network technical requirements must be satisfied in order to complete calls dialed with '555' numbers. These requirements reflect the need to: (a) accommodate a given dialing arrangement, (b) appropriately translate the dialed number, (c) route the call to the access customer or service provider, (d) provide that customer or provider the necessary call-related information to support the desired service, (e) record the necessary call detail, (f) ultimately bill the call, (g) provide blocking if appropriate."[16] In addition, ordering guidelines will have to be developed in all locations in which the 555 assignee wishes to receive calls dialed with its assigned number. An industry effort would need to be initiated to address both the network technical requirements and ordering guidelines.

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[16] Network Interconnection Interoperability Forum (NIIF) 555 Technical Service Interconnection Agreements, Section 2.0, page 3-4, available at http://www.atis.org/pub/clc/niif/docs/NIIF0011.doc.

Some Comments raise billing issues that are not germane to this *NPRM*.

10. In its Comments, VATM proposes that the "FCC should foster competition in DA services by introducing new billing rules which are based on non-discriminatory, cost-oriented and competitive terms."[17] VATM suggests that the Commission impose cost-based (TELRIC) rates for BellSouth's billing and collection ("B&C") services, such a suggestion is unsupportable and outside the scope of this *NPRM*. BellSouth's B&C services are not unbundled network elements ("UNEs") to which cost-based rates would be applicable.

11. The Commission established the current B&C services environment approximately fifteen years ago and has supported that environment on more than one occasion. Over that time period, the Commission required B&C tariffs to be removed and services to be offered through contracts on a non-discriminatory basis at market-based rates. Consistent with those requirements, BellSouth offers B&C services in a non-discriminatory manner to long distance and telecommunications related service providers at market-based rates.

12. BellSouth disagrees with InfoNXX's assertion that, "LECs generally require smaller DA providers to work through third party billing companies to get their charges on a LEC's bill. . . . [T]here is a risk that LEC's could manipulate these charges (by increasing what the LECs charge third party billing firms) to keep DA prices artificially high."[18] BellSouth does not require smaller service providers to work through third party billing companies or clearinghouses. Similarly, BellSouth does not control what the clearinghouses charge their clients. BellSouth's charges are market-based and provided on a non-discriminatory basis.

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17 VATM Comments at 6.

18 InfoNXX Comments at 28-29.

The European DA market should not be a model for the United States.

13. Some of the parties filing comments imply that quality issues exist with the United States DA product similar to quality deficiencies that existed in the European DA markets. These implications are simply unfounded. Pre-competitive service levels in the European DA markets were dismal, unlike the current United States DA market, which has high service levels – many of which are mandated and monitored by state regulatory commissions.

14. In assessing the European DA market, The Pelorus Group found that, "[t]he once stodgy DA services of the big carriers, long a backwater in European telecoms, have undergone substantial upgrading and expansion since the mid-1990's. Improvements in call center technology and data systems integration have driven down waiting times considerably. Still, response times can vary significantly, depending on the carrier, time of day, level of automation, regulatory demands, etc."[19]

15. Looking specifically at the German DA market, The Pelorus Group noted that, "Germany was ripe for alternative service because well into the 1990s Deutsche Telekom's service was among the slowest and least efficient in Europe. Slow response times, particularly at peak periods, meant some 20 percent of DA callers weren't getting through to operators. Either they got a busy signal or were cut off or had to wait so long they would simply hang up."[20]

16. Clearly, the service levels of the European DA market cannot rationally be paralleled to the existing DA service levels in the United States. Thus, any comparison on this level is invalid.

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19 *European Directory Assistance Markets*, The Pelorus Group, July 2001, at 40.

20 *Id.* at 60.

17. In its Comments, Telegate contends that "many European countries have taken steps to introduce competition into their DA markets."[21] While the introduction of such competition may have resulted in the growth of the number of DA providers in Europe, Telegate conveniently ignores the fact that Telegate's own Annual Report reflects that the German market is dominated by two competitors, Deutsche Telekom (65% market share) and Telegate (30% market share).[22] It is easy to conclude that only one of the new German competitors, Telegate, appears to be enjoying success. It is disingenuous for Telegate to contend that two players, which have a combined 95% market share, constitute a competitive environment. Certainly, the German DA market cannot rationally be used as the basis to challenge the structure of the United States DA market, which has a multitude of DA providers.[23]

18. In its Comments, Telegate also claims that, "[c]ompetition, in turn, has spurred growth in the overall market for DA."[24] Independent research by The Pelorus Group has confirmed that, "[e]ven in Germany, the intense competition between the former PTT Deutsche Telekom and Europe's leading European alternative provider Telegate was not serving to expand the market. Telegate essentially had grown by taking market share away from Deutsche Telekom."[25] Competition has not fueled market growth as Telegate suggests, but, instead, has resulted in a simple realignment of market share.

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21 Telegate Comments at 5.

22 Telegate 2001 Annual Report at 14.

23 Attached hereto are: (1) a table reflecting retail wireline DA market share by revenues, excerpted from Frost & Sullivan 2001 survey, submitted with *ex parte* of VATM, April 26, 2002, at 42; and, (2) a pie chart reflecting wholesale wireline DA market share by revenues, from Wholesale Directory Assistance, U.S. Market Revised Update, The Kelsey Group, May 21, 2001, at 8. These attachments demonstrate that, unlike the German DA market, the market share in the United States DA market is widely distributed among a significant number of providers.

24 Telegate Comments at 6.

25 *European Directory Assistance Markets*, The Pelorus Group, July, 2001, at 91.

Conclusion

In conclusion, the comments filed by parties supporting 411 presubscription, or the other alternative dialing arrangements, continue to identify solutions to a problem that does not exist. Thus, the Commission should decline to take any action in this *NPRM* that would impact the current DA market.

Respectfully submitted,

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FIGURE 12

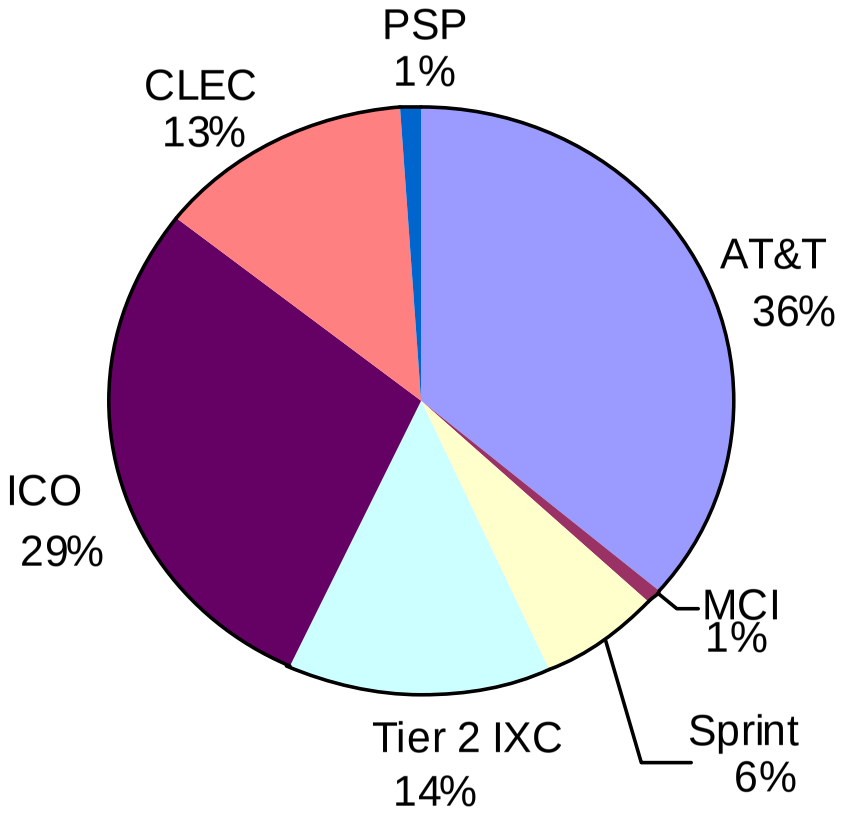
Wireline Directory Assistance Services Market: Company Market Share by Revenues (U.S.), 2000

Company	2000 (%)
SBC	21.3
Verizon	18.2
AT&T	13.5
BellSouth	8.8
WorldCom	8.2
Sprint	4.1
Qwest	3.8
Others	22.2

"Others" include All other ILECs, IXCs, and CLECs that offer wireline directory assistance. A partial list of carriers include: ALLTEL, Broadwing (Cincinnati Bell), CenturyTel, Citizens Communications, Concord Telecommunications, Farmer's Telephone Company, Frontier (Global Crossing), Hamilton Communications, ICG Telecommunication, Peoples Telephone Company, Roseville Telephone Company, Southern Colorado Telecommunications, and Toledo Telephone Company.

Note: All figures are rounded; the base year is 2000. Source: Frost & Sullivan

National Wire Line Wholesale DA Market Revenue Share 2000



The Kelsey group

CERTIFICATE OF SERVICE

I do hereby certify that I have this 30th day of April 2002 served the following parties to this action with a copy of the foregoing **REPLY COMMENTS OF BELLSOUTH** by electronic filing and/or by placing a copy of the same in the United States Mail, addressed to the parties listed on the attached service list.

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